

Gripes or not, gold-medallion rush is on

By Roger Boye

Despite gripes from some collectors and at least one United States congressman, the sale of 1982-dated gold medallions produced by Uncle Sam is off to a quick start.

"Our phones rang constantly during the first three weeks of the program [which began on April 12]," said a spokeswoman for Dreyfus Gold Deposits Inc., a New York company that takes orders for the medals from persons who received a promotional mailing.

Late last year government bureaucrats hired J. Aron and Co., a member of the Goldman Sachs Group, to distribute the so-called American arts medallions in an attempt to boost sales. When Treasury personnel sold the medals directly to the public in 1981 and 1982, hobbyists complained of complex ordering rules; consequently, the majority of 1980- and 1981-dated specimens went into storage.

J. Aron has developed a marketing strategy that includes large advertising campaigns. Ad copy promotes the medallions—dubbed "U.S. Gold"—as a "very tradeable, liquid investment . . . easy to buy and easy to cash in."

To assure ready availability, J. Aron has recruited hundreds of coin dealers, banks and brokerage houses to sell the medals, especially 1982-dated specimens depicting Frank Lloyd Wright and Louis Armstrong [leftover 1980 and 1981 medals also are for sale, but 1983 specimens won't be ready for several weeks]. And it has listed a toll-free number [1-800-872-4653] for use by persons wanting more information.

But those and other efforts don't impress some collectors who are complaining to editors of hobby publications. The collectors correctly point out that each 1-ounce medal sold under J. Aron's marketing plan costs about 7 percent more than the value of the medal's gold content on the day of the sale, and each half-ounce medal costs at least 8 percent more [slight variations exist from seller to seller].

The new pricing structure also concerns Rep. Frank Annunzio [D., Ill.], chairman of the House Subcommittee on Consumer Affairs and Coinage.

"The public may no longer be able to purchase the medallions at the lowest possible competitive price as the act [creating the medallion program] directs," Annunzio wrote in a letter to the U.S. comptroller general. He also called on the General Accounting Office to investigate the government's contract with J. Aron, among other things.

In response, the company said it priced the medallions at a reasonable level competitive with foreign bullion products, such as the South African krugerrand, according to a spokesman quoted by Numismatic News.